

**The original documents are located in Box C4, folder “Presidential Handwriting, 10/1/1974” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE  
WASHINGTON

October 1, 1974

Mr. President:

Attached is a decision memorandum on funding for Postal Service subsidies. Most of your key advisors recommend Option 2 - not to ask for a \$44 million supplemental this year, but let the Congress determine on its own whether or not to appropriate these funds. In deciding this question you should know that Cole and Timmons feel that Congress is unlikely to appropriate these funds in the supplemental currently before the Congress without a Presidential request. The Conference intends to act on this supplemental Wednesday, October 2.


Don

A large, stylized handwritten signature in black ink, appearing to be 'D. R.', is written over the word 'Don'.

THE WHITE HOUSE  
WASHINGTON

September 30, 1974

MEMORANDUM FOR THE PRESIDENT

FROM: KEN  COLE  
SUBJECT: Postal Subsidies

BACKGROUND

On June 30, 1974, President Nixon signed into law S. 411, which extends Federal subsidies for several classes of mail, including second class mail which encompasses magazine and newspapers. The bill requires the President to include in his budget, without revision, the full subsidy authorized by law. The bill, strongly pushed by the magazine lobby, received bi-partisan support from the Congress, including Senators Kennedy and McGee. The vote was 277 - 129 in the House and 71 - 11 in the Senate.

OMB has not requested a \$44 million supplemental from Congress, which would be necessary to fund the subsidies, because OMB feels it would not meet the urgency criteria for supplementals established between Roy Ash and yourself in August. OMB concludes that while the legislation requires the inclusion of the subsidy in the FY 76 budget (approximately \$94 million), it does not mandate payment of a subsidy this year. The question of a supplemental was not dealt with in the Enrolled Bill Memo on S. 411 or in the opinion papers submitted by the agencies.

The Postal Service recently submitted a request to OMB for a \$44 million supplemental to cover FY 75. It claims that it will have to increase its postage rates in November to match the resulting loss of funds if the supplemental is not forthcoming. Members of the Administration and Congress have begun to receive phone calls from Mel Laird, John Byrnes and others representing the magazine industry pressing for a supplemental request.

The Postal Service has indicated that it will recommend a major rate increase next year to meet the anticipated \$500 million deficit incurred this year. This will likely include the raising of a first class stamp

from 10¢ to 12¢ or 13¢ and will likely swell the steady criticism of the Postal Service, increasing the pressure on Congress to vote additional subsidies or perhaps curtail the independent status of the Postal Service.

The Senate Appropriations Committee has agreed to hold open the omnibus supplemental legislation until October 2 to allow the Administration to determine whether or not it wants to request a supplemental.

OPTIONS

1. Forward a supplemental request to Congress (Burch)

RR7

2. Do not ask for a supplemental, but let Congress determine on its own whether or not to appropriate the \$44 million. (Ash, Timmons, Armstrong, Marsh, Cole)

3. Do not ask for a supplemental and indicate that any such supplemental will be actively opposed because of its budgetary impact. (Eberle)

THE WHITE HOUSE

WASHINGTON

October 1, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: KENNETH R. COLE, JR.

FROM: JERRY H. ~~COLE~~ 

SUBJECT: Postal Subsidies

Your memorandum to the President of September 30 on the above subject has been reviewed and Option 2 -- do not ask for a supplemental, but let Congress determine on its own whether or not to appropriate the \$44 million -- was approved.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld